

# Congress of the United States

Washington, DC 20515

October 27, 2023

The Honorable Mike Johnson  
Speaker of the House  
H-232, The Capitol  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Minority Leader  
S-230, The Capitol  
Washington, D.C. 20510

Dear Speaker Johnson and Minority Leader McConnell,

This Congress, Republicans have made American energy security our top priority. As part of H.R. 1, the House voted in a bipartisan fashion to pass H.R. 1141, *the Natural Gas Tax Repeal Act*, to repeal the Inflation Reduction Act's Methane Emissions Reduction Program (MERP). We urge you to repeal the natural gas tax in a legislative package before the end of the year.

The MERP is an inappropriate and highly unworkable tax on methane emissions. This tax was included despite never being considered in a hearing, receiving expert testimony, and no economic analysis or examination of its efficacy. Instead of looking at emissions holistically, the MERP was based on the simple premise that if something is taxed, less of it will be produced.

The natural gas tax is a statutory codification of the mandatory collection of emissions data, which has historically reported on a voluntary basis, under Subpart W of the Clean Air Act (CAA) and uses that data to levy a tax for emissions exceeding 25,000 tons of carbon dioxide equivalent. In 2024, companies will be required to collect this data and begin paying a fee of \$900 per metric ton for that year's data. This fee increases to \$1200 per metric ton for 2025 data and ultimately lands at \$1500 per metric ton for 2026 data and thereafter.

To make matters worse, the EPA is now proposing an overhaul of Subpart W that will drastically expand the impact of the natural gas tax established by the IRA—both in total fees paid and number of companies affected. In effect, EPA is changing the math on how the natural gas tax will be calculated to dramatically increase its cost and scope. This will have a devastating impact on many companies, which will hurt American production and drive-up costs for families and businesses.

The American oil and natural gas industry currently participates in voluntary programs to determine and implement cost-effective emissions mitigation technologies. These companies work proactively to abide by existing state and federal regulations which has resulted in methane emissions intensity declined by nearly 66 percent across all seven major producing regions, while production has increased by 50 percent.

The natural gas tax will impose significant financial burdens on independent American oil and natural gas producers that will jeopardize many of their operations. It will add another layer of complexity to these

small businesses and divert their attention from what they do best: produce the cleanest and safest oil and natural gas in the world.

If implemented, the ill-conceived natural gas tax will handicap technological innovation, reduce supplies of affordable energy, and increase both costs and emissions. The shale revolution led to the U.S. becoming the world's largest oil and gas producer and a net exporter. In 2019, economists estimated this greater productivity reduced the domestic price of natural gas by 63 percent and led to a 45 percent decrease in the wholesale price of electricity. This in turn, saved U.S. consumers an estimated \$203 billion annually, or \$2,500 for a family of four.

New fees or taxes on energy companies will raise costs for consumers, creating a burden that will fall most heavily on lower-income Americans. In fact, this tax alone will drive up the cost of household energy bills for the 180 million Americans and 5.5 million businesses that rely on natural gas. At a time of persistent inflation and record energy prices, this increase is unthinkable for consumers. In order to lower costs for American families, we must repeal burdensome regulation, secure supply chains, and unleash American energy.

The underpinnings of our national security and economic prosperity rest on the abundant natural resources the United States boasts. Now more than ever, it is critical that Republicans continue to prioritize our energy security and dominance by repealing the IRA's natural gas tax. We look forward to working with you in this effort.

Sincerely,



August Pfluger  
Member of Congress



Dan Crenshaw  
Member of Congress



Kevin Hern  
Member of Congress



Nathaniel Moran  
Member of Congress



Randy Weber  
Member of Congress



Mike Carey  
Member of Congress



Jake Ellzey  
Member of Congress



Kelly Armstrong  
Member of Congress



Stephanie Bice  
Member of Congress



Robert E. Latta  
Member of Congress



Dan Meuser  
Member of Congress



Rick Allen  
Member of Congress



Bill Johnson  
Member of Congress



Troy Balderson  
Member of Congress



Larry Bucshon, M.D.  
Member of Congress



Pete Sessions  
Member of Congress



Debbie Lesko  
Member of Congress



Greg Pence  
Member of Congress



Ronny L. Jackson  
Member of Congress



Harriet M. Hageman  
Member of Congress



Byron Donalds  
Member of Congress



Jeff Duncan  
Member of Congress



Pete Stauber  
Member of Congress



Lance Gooden  
Member of Congress



Kat Cammack  
Member of Congress



Jodey Arrington  
Member of Congress



Tracey Mann  
Member of Congress



Alex Mooney  
Member of Congress



Beth Van Duyne  
Member of Congress



Julia Letlow  
Member of Congress



Carol Miller  
Member of Congress



Roger Williams  
Member of Congress

